Health Care Insurance Market in Washington State: Illustration of Market Fragmentation

Let's Get Washington Covered

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Self Insured Health Plans

Firm Self Insured Plans
- 1,158,751 people in 2002, representing 21.5% of the market
- $3,481 million in expenditures in 2002
- Not regulated by the state
- Each firm assumes its own risk and the enrollees share the risk.

The task force can influence this sector only to the extent that it can visibly recommend or advocate for regulatory changes by the Department of Labor or legislative changes that would require the consideration of the United States Congress.

PEBB Uniform Plan
- 88,732 people enrolled in 2002, representing 1.6% of the state's enrollment
- $241 million in expenditures in 2002
- Plan-wide risk sharing with carrier risk adjustment
- 1 plan with 88,732 insured sharing risk
- State self insured public employee health program

Tri-Care
- 110,684 people enrolled in 2002, representing 2.1% of the state's enrollment
- $279 million in expenditures in 2002
- Program entitlement (Tri-Care)

Self-Funded Employers: Employer self-funded plans are not subject to state insurance regulations under ERISA.

Large Group Health Plans:

1. Single Large Group Employer: Employer with group size greater than fifty.
2. Association: An association is regulated as a large group.

Rates are file-and-use subject to OIC's disapproval for all HCSCs, HMOs and disability carriers. For HCSCs and HMOs, a large group can negotiate rates with the carrier, and the OIC usually does not disapprove any negotiated rates. There are no community rating requirements; rates may vary among employers and among classes of employees. The unfair discrimination law, however, applies.

Uninsured
- 648,180 people were uncovered in 2002, representing 10.7% of the state population
- Estimated health care expenditure for the uninsured is $910 million from charity care, self paid, and other public and private sources.

The task force can directly affect the uninsured by suggesting legislative changes to the state legislature and regulatory changes to the OIC.

Other Covered

(BHP Nonsubsidized, Taft-Hartley, others, and statistical error)

- About 169,441 people enrolled in 2002, representing 3.1% of the market
- Estimated premiums for these people are $397 million in 2002

Private Carriers' Health Insurance Plans

WSHIP
- 2,532 people enrolled in 2002, representing 0.0% of the market
- $32 million in expenditures in 2002
- Plan-wide risk sharing, 1 risk pool with 2,532 individuals

WSHIP was created by the state legislature to provide access to health insurance for people who are denied health insurance in the individual market. Eligibility for WSHIP is determined by state law while it is managed by an appointed board, with industry and consumer representation, that selects an executive director. The task force can directly affect the program by suggesting legislative changes to the state legislature and regulatory changes to the WSHIP board of directors and the OIC.

WSHIP (Washington state health insurance pool for applicants denied individual coverage on the basis of a health screen): Rates are determined by the WSHIP board by a statutory formula as a percentage of standard rates in the individual market. The result is modified community rating with a tenure discount. There is also a discount for prior coverage within 63 days. There are also discounts available to low-income individuals.

PEBB (Carriers)
- 216,762 people enrolled in 2002, representing 4.0% of the market
- $466 million in expenditures in 2002
- Carrier-wide risk sharing
- 8 carriers, risk pool size ranges from 2,620 to 77,086

The task force can directly affect the program by suggesting legislative changes to the state legislature and regulatory changes to the Health Care Authority and ultimately to the Office of the Governor.

FEHBP (Carriers)
- 215,976 people enrolled in 2002, representing 4.0% of the market
- $351 million in expenditures in 2002
- Carrier-wide risk sharing
- 7 carriers, risk pool size ranges from 4,700 to 79,000

The task force can influence these programs only to the extent that it can visibly recommend or advocate for regulatory changes that would need to be considered by the Office of Personnel Management (FEHBP) or the Department of Defense (Tri-care).

Associations
- Covered 134,337 people in 2002, representing 2.5% of the market
- Had $315 million in premiums in 2002
- Group-wide risk sharing
- 12 groups, risk pool size ranges from <100 to >60,000

An association is regulated as a large group but can be a group of any size. The task force can directly affect the large group market by suggesting legislative changes to the state legislature and regulatory changes to the OIC.

Large Group Market
- Covered 1,059,295 people in 2002, representing 19.6% of the market
- Had $2,482 million in premiums in 2002
- Group-wide risk sharing
- 303 groups, risk pool size ranges from <100 to >38,000

Employers with groups larger than 50 employees are eligible for coverage in this market. Large group plans are subject mostly to state regulations. The task force can directly affect the large group market by suggesting legislative changes to the state legislature and regulatory changes to the OIC.

Medicare Supplement
- 104,294 people enrolled in 2002, representing 1.9% of the market
- $185 million in premiums in 2002
- Regulated by both federal & state laws
- Carrier-wide risk sharing
- 6 carriers, pool size ranges from 788 to 49,787.

The task force can influence Medicare Supplemental only to the extent that it can visibly recommend or advocate for regulatory changes to be considered by the Department of Health and Human services or legislative changes to be considered by the United States Congress.

Medicare Supplement: Rates must be filed and approved before use. Full community rating applies, except that rates may distinguish between insured eligible for Medicare by reason of age and those eligible for Medicare by reason of disability or end-stage renal disease. The medical experience for one type of Medicare Supplement plan form must be pooled for rate adjustment.

Individual Market
- 192,887 people enrolled in 2002, representing 3.6% of the market
- $330 million in expenditures in 2002
- Plan-wide risk sharing
- 9 carriers offering plans, enrollment ranges from 108 to 73,771.

The task force can directly affect the individual market by suggesting legislative changes to the state legislature and regulatory changes to the OIC. Most recently, the state legislature approved changes in the insurance code in 2000 in order for carriers to again offer individual plans to new enrollees.

Individual Health Plan Rates: HCSCs, HMOs, and disability carriers file rates for informational purposes only. The OIC can not disapprove the rates or impede the implementation of the filed rates. Individual health plan rates are subject to modified community rating like small group rates, except that a tenure discount is permitted. For rate adjustment purposes, the medical claim experience must be pooled for all individual health plans.

Small Group Market
- 361,207 people enrolled in 2002, representing 6.7% of the market
- $821 million in premiums in 2002
- Carrier-wide risk sharing
- 15 carriers, risk pool size ranges from 222 to 157,146

The task force can directly affect the small group market by suggesting legislative changes to the state legislature and regulatory changes to the Office of Insurance Commissioner (OIC).

Small Group Health Plans (Small Group is defined as group size 1 to 50 including self-employers): Rates are file-and-use subject to OIC's disapproval for all HCSCs, HMOs and disability carriers. Small group rates are subject to modified community rating (varying only by plan, geographic area, family size, age, and wellness activities). For rate adjustment purposes, the medical claim experience must be pooled for all small groups.

Basic Health Plan (Subsidized)
- 122,252 people enrolled in 2002, representing 2.3% of the market
- $262 million in expenditures in 2002
- Plan-wide risk sharing
- 1 plan, risk pool size is 122,252

The task force can directly affect the program by suggesting legislative changes to the state legislature and regulatory changes to the Health Care Authority and ultimately to the Office of the Governor.

Medicaid (Carriers)
- 321,436 people enrolled in 2002, representing 6.0% of the market
- $656 million in expenditures in 2002
- The program assumes risk.

The federal/state joint-financed program provides health insurance and long-term care for certain people with low incomes, limited resources, or disabilities. Programs vary from state to state since they may cover optional populations in addition to the federally mandated populations. The task force can recommend to the Department of Social and Health Services and ultimately to the Office of the Governor that any of the various waivers be submitted to the federal Centers for Medicare and Medicaid Services (CMS) and Secretary of Health and Human Services. Currently, Washington has an 1115/HIFA waiver pending its second review by CMS.

Medicare (Carriers)
- 128,176 people enrolled in 2002, representing 2.4% of the market.
- $865 million in expenditures in 2002
- The program assumes risk.

The task force can influence Medicare only to the extent that it can visibly recommend or advocate for regulatory changes to be considered by the Department of Health and Human Services or legislative changes that would require the consideration of the United States Congress.

Public Health Insurance Programs

Basic Health Plan

BHP is a state-sponsored program that provides affordable health care coverage via eight designated private health carriers to low-income residents who are ineligible for other public programs.

Medicaid (Self Admin.)
- 399,089 people enrolled in 2002, representing 7.4% of the market
- $1,956 million in expenditures in 2002
- The program assumes risk.

The federal/state joint-financed program provides health insurance and long-term care for certain people with low incomes, limited resources, or disabilities. Programs vary from state to state since they may cover optional populations in addition to the federally mandated populations. The task force can recommend to the Department of Social and Health Services and ultimately to the Office of the Governor that any of the various waivers be submitted to the federal Centers for Medicare and Medicaid Services (CMS) and Secretary of Health and Human Services. Currently, Washington has an 1115/HIFA waiver pending its second review by CMS.

Medicare (Self Admin.)
- 607,824 people enrolled in 2002, representing 11.3% of the market
- $2,620 million in expenditures in 2002
- The program assumes risk.

The task force can influence Medicare only to the extent that it can visibly recommend or advocate for regulatory changes that would need to be considered by the Department of Health and Human services or legislative changes that would require the consideration of the United States Congress.

Public Sources | Private Sources | Mixed Sources